

Ep #11: Power Dynamics in Family Systems



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Ellie Frey Zagel

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You are listening to episode 11 where I talk about power dynamics in family systems.

Welcome to *The Family Business Leader Podcast*. A podcast for multigenerational family business leaders who want to become the leader they were meant to be. If you're ready to learn how to develop your own authentic leadership style, successfully lead your family business and create your own lasting legacy while still honoring theirs this is the podcast for you. I'm your host, Ellie Frey Zagel, family business leadership coach and third-generation family business leader. Let's get to it.

Well, hello my friends. How are you? I hope you're doing great, great today. I hope you enjoyed, if you're in the US, enjoyed your July 4th, your Independence Day long weekend. I hope you had a long weekend. I hope you spent it with your family.

Today I want to talk about power dynamics in family systems. And the reason that I want to do this is because I just gave a presentation with The National Center for Family Philanthropy. And this was the topic that we talked to a group of non-family foundation Presidents and CEOs and program staff. And I love this topic. I don't know if it's talked about enough, the power dynamics that occurs in family systems and occurs in the family. And when you're working together they are just brought into the light even more so than perhaps if you don't work with your family.

And so, I wanted to do this podcast based on the presentation that I gave with a couple of amazing, amazing speakers. So, when I was thinking about this presentation on power dynamics, the Peter Parker Principle came to mind. With great power comes great responsibility. And as you may know I have a seven year old. So, Spiderman and his origin story shows up a lot in our reading. And I've always really resonated with, with great power comes great responsibility. It is something that my parents shared with me at a very early age, or something similar at least.

So, when diving into power dynamics and really thinking about power dynamics, and I'll go into some examples in a second. I'm going to come at this from the perspective of the next generation. And so, if you are the

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founding generation or the currently leading generation and you have a next generation that's coming in I just kind of know I am speaking to your next generation because you're probably empowered. And so, you may not even see the power dynamics that they are currently living right now. So, this will be very interesting for you as well.

If you work with family systems you will be very familiar with power dynamics showing up when trying to do deals, power dynamics showing up during succession, power dynamics showing up pretty much whenever something happens in a family, there is power dynamics. And so, I'm only going to talk about a couple of them. I think I'm just going to really just lightly scratch the surface of this really powerful topic. Don't you worry, we're going to be having more discussions about power in family enterprise and family systems in a later date.

And hopefully we'll be able to talk more about the kind of the Three-Circles Models and other systems, theory type of structure. We're not really going to talk about that today. I would really like to just kind of talk about it from more of the coaching aspect. When my clients come to me and power is at play, how is it showing up?

So, if this is you I just want to let you know that you are not alone in dealing with power dynamics in your family business, your family foundation, family enterprise. It is a thing everyone has to deal with, everyone is faced with, everyone experiences whether they realize it or not.

And I know for me I've had to deal with power dynamics basically since I started working with my family around the age of 15. And I didn't really realize what they were. I didn't realize it was a power dynamic. I didn't realize, I didn't have the words in which to really understand what I was experiencing in the power dynamics at play that were impacting me. And I wasn't able to discuss it really eloquently, any form or fashion.

And in fact, it wasn't until really I started working with multigenerational family businesses about 10, 15 years ago that I started to realize this is what's going on. And as you know from – maybe you know, one of the things I really teach my clients is awareness is key. Once you have

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awareness of what's happening, whether it's around you, whether it's inside you, whether it's your belief systems. You're able to do something about it because you have that power now. Once you have that awareness you have the power to change it, or to replicate it, or to improve upon it.

So again, I want to go back that if you are dealing with power dynamics, if they're making you feel any of the ways that I share in a little bit, you are not alone. Basically, this episode is just going to help you realize that you're not alone and that you have resources around you. I will share a couple of client examples, anecdotes really of how power shows up in the work that I do. I will share the issues that people bring to me. And then I will also share some of the coaching I will give to them.

I'm going to run through this fairly quickly. I think each of the kind of the eight or so coaching items that I share with you I could probably spend an entire podcast on it. So, if you do have questions reach out to me at ellie@successfulgenerations.com and we can dive into it further. Okay, so here are a few of the stories that I want to share. Perhaps they sound familiar.

One, a second generation is feeling frustrated because her mom, the matriarch doesn't respect her. She has been working alongside her for almost 20 years in various philanthropic endeavors and still isn't given any real responsibility. She doesn't want to be shunned like others in the family so she stays quiet and suffers.

Two, a son just became President of a growing family business. The parents still don't share all the financials, still come in and practice seagull management and disrupt, even though they say that they're retired. The son still has to clean everything up. And the son doesn't feel like it's his place to ask questions about future ownership even though he is running the business, even though he is strategically growing the business he doesn't feel like it's his place.

Three, a third generation is running the family foundation. The second generation has the power to change byelaws, appoint and fire board members and make things very uncomfortable for the third generation

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executive committee and trustees if they don't approve what's going on. Although values align, work style and ideas do not. The second generation feels it's their responsibility to make sure the third generation never makes any mistakes even though they have admitted to making many in the past.

And the third generation has to jump through painful hoops in order to prove themselves. The third generation is even more qualified to lead the foundation than the second generation when they took over. The frustration is increasing as the third generation who has recently transitioned into the running of the foundation role. So, the frustration is increasing as they become aware of the double standard and the power dynamics.

So maybe you can find yourself somewhere in those stories. These are all anecdotes, either people I've worked with throughout the years or stories that people have shared with me. And I've changed, I obviously am not going to share any names here but I've also changed a lot of the situations within these examples. So, my clients come to me and they are feeling overwhelmed, and frustrated, disrespected. They feel obligated and sometimes trapped or helpless.

Remember I work with family business leaders but I work with – the way I have defined family business is really family enterprise. I work with people in family office. I work with people who are in family foundations. I work with people who are in the family business. So really within that family enterprise. So, they are thinking to themselves if this isn't working, or it's not my place to say anything, or perhaps they are blaming others, it's not their fault, somebody else should do it differently. And they are realizing that they don't want to feel obligated anymore.

They don't want to feel the overwhelm, the frustration. They don't want to feel disrespected. They don't want to feel trapped or helpless. They're also realizing that their confidence is down and they're not leading, they're not showing up as a leader that they know that they can be.

So, I now want to share with you what I have shared with my clients over the years. And the first one is exactly what I just shared with you a second ago. Number one, becoming aware of the power dynamics that is around

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you, just the good, the bad, the ugly, the awareness is key, it's crucial. It's critical. Just be really understanding, what is happening? Okay, the matriarch, this is her foundation and this is something that she's very passionate about. And so those power dynamics when anybody else wants to participate.

Or the patriarch is the same way, maybe not wanting to retire, or not wanting to discuss the estate plan because for a whole slew of reasons. So just kind of understanding and calling out some of the power dynamics, maybe not verbally. This first step is really just becoming aware for yourself of the power dynamics because that awareness is key. And when I coach my clients on this, as they are becoming more aware of what's happening, I try to have them list the facts and the facts only because this is really raw work.

When somebody tells you that maybe you can take over at a certain time and they say, "Just kidding, maybe in 10 more years." Or they change the byelaws on you or something like that. It can be pretty ouch. You can feel very disrespected. And those feelings are real. And some people just say, "You know what? I'm out. I don't want to do this anymore, this feels terrible." And then there's the rest of us who are like, "Okay, this feels terrible but I really believe in my role here and I know that I can do some good and so I'm going to go stick it out."

And those are the people who usually come to see me. They're like, "This feels terrible but I want to, I want to stick it out." So, I have them list the facts of the situation. Who is saying what? Why are you upset? What is exactly happening? And using exact words because that's a fact, the exact words that somebody says or using the situation with the facts in it. And leaving out the thoughts or the drama as we say, leaving that out. So just getting to the facts of a situation.

And what this does is when you see facts in front of you, you can kind of start to get back into your, kind of your leadership power, if you will. You start to get back into your confident self because the drama is somewhere else. You're just seeing the facts and that's what you're becoming aware of,

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the facts of the situation. When you're becoming aware of what's happening around you, do not judge. I don't want you to judge yourself anyway or judge others. It's just not a useful way to spend your time. So, try not to judge yourself as you're doing this work.

Sometimes this work can be very overwhelming. And if you're feeling overwhelmed, going back to the facts. And another exercise that I like my clients to do is figure out what they can control. So, in one of my examples maybe the daughter is like, "I can't control anything. My mom or dad controls everything." And that's a really disempowering place to be. Of course, you're going to feel hopeless, and helpless, and trapped, and obligated if that's the place you're coming from.

So, asking yourself the question, what can I control is one of the most powerful questions you can ask yourself when you're feeling overwhelmed, when you're in that obligation cycle, when you are just feeling like I don't have any control. And I feel very disrespected and all of that. It's a question that can really, if your brain can answer it, it's a question that can really help you move out of feeling helpless and trapped.

And once that happens, once you've kind of created some awareness of what is happening in your family enterprise and the power dynamics at play both with you as well as other people. And again, this work is just for you for right now. That's where I want you to focus on, just for you having this understanding. And I think in every family I've ever dealt with one son or daughter gets treated differently than the other son or daughter.

And just becoming very aware of what's happening is I think really powerful for you, a powerful place for you to be in because then you can do something about it. That's just incredible about this work, if you have this awareness you can do some planning around the dynamics. You can put words, you can help others, you can just see things for what they are instead of feeling this just feels bad. I don't know exactly what's going on, it just feels bad which is what so many clients have said to me in the past. They just didn't exactly know or were able to put words.

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So, the second piece of coaching I give them is knowing this you can't change others if they don't want to be changed. You only have control over yourself. And it's just like you're trying to get your significant other to do something they don't want to do. It's going to be very difficult. Young kids maybe you can force them or bribe them into something. But it is really difficult to change others. It just is like setting yourself up for failure because really if they don't want to change they're not going to change.

But you do have control over you, and your thoughts, and your feelings, and your actions. One of the most powerful pieces of advice I got early on in my 20s was this third generation wealth inheritor had a relationship with his father. And his father was in his 80s and kind of a grouchy, taciturn gentleman. And they had a very strange relationship. And the piece of advice that he was given that he then shared with me was the dad is never going to change. He's never going to change, stop trying to change him. He is never going to change.

And this light bulb just went on for my friend. From that moment on once he realized that his dad was never going to change, he was just able to let it all go and just have a relationship with him where his dad was right now and not trying to change him. They spent the rest of his life basically building a much better relationship than the confrontational relationship that they had in the past. And this actually piece of advice, and I think I've shared this on the podcast before has really helped me and my mom have a much better relationship.

And so, my mom and I grew up, I am the eldest daughter and butting heads for the majority of my life. When I got this piece of advice from my friend I realized that she's never going to change. I can't change her. And then as soon as I realized I just let everything go, just all of her politics, all of her – which I felt judgments, all of everything, I just let it all go. And I was like I'm just going to love you. That is my only job. I want to have a different relationship with my mom. This is what I was saying inside myself. I'm like, "I can't control her. I can't change her. She's never going to change. All I want to do is just love my mom."

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And from that moment on, my mom did nothing different, our relationship drastically changed. I was the only one who changed. I'm just like, "Mom." I did tell her, I was like, "Mom, I just want to love you and I don't want to fight anymore. I'm just, I'm done with this. I just want to love you." She was of course like, "What?" And now fast forward 10 odd years later she's one of my best friends. I can't believe the relationship that I have with my mom. I never would have thought that I would have this type of relationship. And it was just me. She did nothing. She did nothing differently.

I just let it go. I'm just like, "I love you. We just don't need to discuss politics. We don't need to discuss where you got the information. I'm just going to be like okay, I love you anyway." So, I share that with you because that was some of the most powerful advice that I got. If you're dealing with power dynamics just realizing that you can't change other people especially if they don't want to change. And that it may never change. And now you can make decisions from there.

So, the other piece of advice I would give is – and what's really worked in my family is to utilize the kind of the peer group of the older generation. And so, whether it's a grandparents generation or your parents' generation, and so bringing in their peers. And their peers are sharing their best practices and lessons learned, at least in my family. They're more likely to listen to their peers, and respected peers than they were their kids or their grandkids. So, utilizing consultants, utilizing peers as best you can has worked not only with my family but also with my clients.

Usually our parents or grandparents, the people who are holding the power in the family enterprise, they don't realize that they are – don't necessarily I should say, realize that they're wielding the power that they're wielding. They're not an evil villain. They're not trying to take over the world usually. They're not trying to be malicious about it. It's just usually if there's a lot going on in a foundation, a lot of decisions or a family enterprise, a lot of decisions that need to be made it's usually easier, quicker, more comfortable to make demands to get things done.

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And sometimes they just don't know any other way especially if they were a founder, or they started the business and they're kind of used to just kind of saying, "This is what I want done", and it gets done. They may not realize that if they're trying to engage another generation into this work that they're doing it in a way that's not necessarily engaging.

And honestly, I kind of think about a little bit like Gru and his minions. It's kind of fun, if you will. And if you don't know who I'm talking about, it's Despicable Me. Gru is the main character and he has all these minions, these cute little minions. You've probably seen them depicted on everything. And he just says, "This is what I want to do. I want to build a rocket and go to the moon." And he does all these amazing things just by telling them what he wants done. And that can be really, really fun.

And so, the other, just to have some awareness, there's also situations where people don't feel like they've had power for decades maybe. And now that they do they're like, "I'm not giving it up." Where has this been all my life type of situation. And so again this is part of the awareness. What is the other person doing? They're not trying to be usually malicious, they're not, again, trying to take over the world. They are just dealing with their own relationship with the power that they have.

Okay, so number five, if you are struggling, whoever is struggling, and by the way it's not usually – I mean sometimes it's the matriarch or patriarch but it's usually the next generation. I want to encourage you to find a peer group, find a mastermind, find people who get it. Get coached, bring in consultants, get educated. I don't want you to ever feel hopeless or helpless, I mean unless you want to, I guess. But I don't want you to feel like you don't have control over anything and you can't do anything. This is simply just not the case.

In my experience in I would say 90% of the time, succession starts with the next generation managing up. The next generation saying, "Hey listen, I'm super interested in the family enterprise, family office, family foundation, family business. I want to get more involved." And then they go out and they learn everything they can about whatever it is that they're grappling

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with. So, whether it's the business itself, but most likely it is, what I've seen at least, they learn about estate planning. They learn about family business, the different dynamics. They learn about the Three-Circles Model.

They learn about what other families, those best practices, what other families do. They just go get educated. And now they can have a conversation with their parents or grandparents about succession, about the timeline, about those best practices. Because oftentimes that generation in power isn't necessarily thinking about what they don't know. And again, 90% of the families that I work with they are not necessarily spending a lot of time.

The older generations are not necessarily spending a lot of time. They're saying, "I want to do this." They're not necessarily going out and taking classes, and watching YouTube videos, and joining peer groups and stuff like that. That really is coming from the next generation. So, if you're the next generation I really want you to encourage you to start thinking about how you can manage up.

On that note I want you to also realize that this is a long term play. In family business I have heard succession takes an average of about 7 to 10 years. And I think when I was asked about this when I was running the Family Business Center I think it's because 7 to 10 years allows that next generation to kind of dive in to the family business to see if it's right for him or her. To take on leadership roles. To make mistakes, to fix those mistakes. To really get their hands dirty. And figure out if they're passionate about it and this is what they want to do.

And it also gives the family business time for that next generation, maybe that successor to say, "No, I'm not in. I am so sorry. I love you but this is not for me." And then the business can figure out its next steps from there. So, I really like that longevity. Succession is a process, not an event. And I know a lot of people think it's an event, it's not, it's a process and it takes a long time.

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And that should make people feel relief just thinking about, okay, this takes 7 to 10 years. If I have 7 to 10 years to figure this out, could I figure this out? Could I figure out the power dynamics? Could I figure out how to succeed in the family business? Could I figure out how to take over? And usually, the answer is yes.

Okay, when you're talking about power dynamics, oftentimes communication, lack of communication, some sort of communication at play. Somebody talks to somebody, and then that person talks to me about some, anyway, the triangulation. Almost a game of telephone. Oh, my goodness, why can't people just come to me directly? Anyway, it happens in every single family. Communication and conversation is critical to really understanding power dynamics. And having this communication, asking questions, having these conversations.

I actually like the word conversation over the word communication. Conversation to me means there's two sides discussing whatever that topic is in more of a peer type of an environment. Versus communication to me often means I'm just communicating to you, not necessarily with you. I'm like, "This is the way that I want it done and I'm communicating that to you. And you can do with it as you wish." And whereas conversation to me is like, "Okay, this is the idea that I have, what are your thoughts?" And you kind of build something together.

To me that's the difference between communication and conversation. I like, in multigenerational family work I really like the idea of conversations. I like the idea of conversations happening from love, and curiosity, and humility, and gratitude versus conversations from anger or frustration, overwhelm, judgment, hurt, feeling disrespected. You can tell from these emotions, wouldn't you rather have a conversation when you go and you talk to your parents, or grandparents, or whoever's in charge of this entity? Wouldn't you rather talk to them with love and curiosity, humility, and gratitude?

I know that I would because whenever I am feeling anxious, and ticked off, and frustrated, disrespected, those conversations don't go well. They don't

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go well at all. So anyway, I share that, if you do have conversations that need to happen which we all do, maybe you've been procrastinating on them with somebody like your grandparents or parents, the matriarchs, patriarchs. Then I would encourage you to try to get yourself into kind of love the curiosity, gratitude, just be humble.

And I think the last thing that I want to say about this specifically when you're having conversations with family, to understand what hat you're wearing is very important. I want to know if I'm having a conversation with my grandmother, I want to know that am I having this conversation as a granddaughter? Or am I having this conversation as a fellow trustee? Am I having this conversation as a Vice Chair or am I having this conversation as an employee of the family enterprise?

So, it's just really important to know what hat you're wearing. And be able to share that. "Okay, grams, I'm wearing this hat for this conversation. I'm not your granddaughter, even though I'm always your granddaughter and I love you as your granddaughter. I'm really wearing this. This is the hat that I want to have this conversation."

That is a, I think another podcast that I really want to talk more about because understanding what hat you're wearing when you're going into these conversations helps people get on the same page so much easier. Because so often we go in and we wear all the hats. We're wearing all the hats, I'm the granddaughter. I'm the mom. I'm the [inaudible] of another generation. I am an employee. I'm a trustee. I'm all of it. And it just gets very, very confusing.

So just by identifying what hat you're wearing makes things a little bit more simple when you're talking about maybe changing some power dynamics or having these tough conversations.

The last thing that I want to share with you before we wrap up is going in and becoming aware of these power dynamics, going in and really recognizing what's happening. And having these conversations and really start talking about kind of the power in the family enterprise. I just want to make sure that you are kind of going in with the right mindset.

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And that's the work that I do as a coach. I help my clients understand their brain. And if they're not getting the results that they want I want to help them understand why they're not getting the results that they want so they can do something different. So, if our facts are we're trying to engage the next generation and the thought may be this isn't my family foundation, or this isn't my family business. They don't respect me. They're not listening to me. The feelings that you're going to have are going to be hurt.

You're not going to, from those hurt feelings, if you're feeling hurt and disrespected, and just sad, you're not going to engage. You're not going to ask questions out of love and curiosity. That's completely a different mindset. In fact, if you're feeling like this without any change in your mindset you're probably going to opt out of that family enterprise, that family foundation, that family business, that family office. You're just like, "I don't want to feel this way and so I don't see a light at the end of the tunnel, I'm just going to opt out of working with my family altogether."

Which is fine, that's absolutely an option that everybody should work with their family, but some of us are going to be owners whether now or in the future. And so, you might have to work with your family. And so, the mindset that I would encourage you to get in is, is basically a little bit of what I was saying in the coaching in number seven. It's more coming from a place of gratitude. So, the thoughts being I'm so honored to be able to do this work. Or we're not having the conversations that I want to have yet but we will.

Let me just give you a quick example of this, how this played out with me specifically. So, I have been the person who really went out and got educated, especially me and my cousin both, went out and got educated and tried to figure out family philanthropy, those best practices. And at one of the many conferences that I've been to I was introduced to impact investing. And this was about 20 years ago.

So, 20 years ago I got really excited about impact investing. I'm like, "This is amazing. I want to do more of this. I think that this is such a great opportunity to put our investment portfolio to work." And super, super

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excited. Well, my board is comprised of bankers. We are traditional conservative investors. We have an investment committee. We are not paying attention to impact investing. In fact, when I was sharing with the other board members and my family members, they were like, “Yeah. No, we’re not at all interested in discussing or looking at impact investing.”

And so, I could have been like, “Alright, well, that’s rude. They didn’t even want to discuss it.” And I could have just been like, “Okay, this is my foundation. I can go do something else. This is really feeling really disrespectful.” Or I could say, “You know what? We’re not ready as a group to have this conversation yet.” And that’s what I did. I really said, “We’re not ready to have this conversation yet but we will.” And now 20 odd years later we are having this conversation.

And it’s really exciting because I thought not only am I bought in, but my sister, this is the work that she does. My cousins are very knowledgeable in impact investing. And it’s just going to be a way better experience than a third generation pouting because she wants to talk about impact investing and nobody else wants to. Okay, maybe it’s just me.

So instead, getting back to the place of okay, we’re not ready to have this conversation yet, that yet is critical. And there are other ways that I can get involved. There are other ways that I can be helpful. There are other ways that I can add value. And just it’s such a more powerful place to be if you don’t find yourself with a lot of power. And so, if you’re up and coming and you’re learning and you are figuring things out, getting yourself into a place of gratitude, getting yourself into a place of the learner’s mindset is just such a more enjoyable place to be.

You don’t have to be the expert. You don’t have to be always right. You just can always be learning and asking questions, and super curious, and really excited. And it just makes the transition, whatever transition you’re going into, whether it’s to leadership or ownership, it just makes that transition and those conversations with those who are in power just way easier and more fun. And so, when you do have that mindset that gratitude, honored,

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we aren't having these conversations yet but we will there are other ways that I can get involved and add value.

You're going to stay in, you're going to learn, you're going to engage and the result of it is you're going to end up making a space for yourself. Or you're going to end up making it your family enterprise. You could see your role and the value that you add and you make it so.

So, alright my friends, that is what I wanted to talk to you about today. I know we just kind of skimmed the surface of power in a family enterprise. And the coaching that I've shared with my clients. Again, this is just kind of a very umbrella approach. What I'd love to be able to do with this topic is really start building down and kind of really identifying those power dynamics from one person to the next and how that shows up, and the models that go along with them.

So, stay tuned but I hope if you are grappling with some power dynamics in your family enterprise, I hope that the coaching that I shared here will help you. Alright my friends, I will talk to you soon.

Well, there you have it. Thank you so much for listening to *The Family Business Leader Podcast*. If you've enjoyed today's episode, be sure to share it with someone who needs it. If you'd like more information about family business leadership development, please visit [successfulgenerations.com](https://www.successfulgenerations.com). I can't wait to connect with you again next week, until then.